

PUBLIC DISCLOSURE

SEPTEMBER 10, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

CHICOPEE SAVINGS BANK

90179

70 CENTER STREET
CHICOPEE, MA 01013

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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TABLE OF CONTENTS

- I. General Information
- II. Institution Rating
 - a. Overall Rating
 - b. Lending, Service, and Investment Test Table
 - c. Discussion of Findings
- III. Appendix
 - a. Scope of Examination

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **CHICOPEE SAVINGS BANK** prepared by the Massachusetts Division of Banks, the institution's supervisory agency, as of **SEPTEMBER 10, 2002**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

INSTITUTION'S CRA RATING: Chicopee Savings Bank is rated "**High Satisfactory**".

This rating is based upon the bank's overall high satisfactory performance under the seven major lending performance criteria: Lending Activity, Geographic Distribution, Borrower Characteristics, Community Development Lending, Innovative or Flexible Lending, Loss of Affordable Housing, and Fair Lending Practices; as well as its satisfactory performance under the Investment Test and its outstanding performance under the Service Test.

LENDING, INVESTMENT, AND SERVICE TEST TABLE

The following table indicates the performance level of **CHICOPEE SAVINGS BANK, CHICOPEE, MA**, with respect to the lending, investment, and service tests.

PERFORMANCE TESTS Chicopee Savings Bank			
Performance Levels	Lending Test*	Investment Test	Service Test
Outstanding			X
High Satisfactory	X		
Satisfactory		X	
Needs to Improve			
Substantial Non-Compliance			

*Note: The Lending Test is weighed more heavily than the Service and Investment Tests when arriving at an overall rating.

DESCRIPTION OF INSTITUTION

Chicopee Savings Bank is a mutual savings bank, incorporated under the laws of the Commonwealth of Massachusetts in 1845 as Cabot Savings Bank. As of the June 30, 2002 Federal Deposit Insurance Corporation's (FDIC) Quarterly Call Report, Chicopee Savings Bank had total assets of \$295,177,000. Of these total assets, \$237,465,000 or 80.5 percent were in the form of net loans. The bank has historically been a residential lender, with approximately 57.9 percent of its loan portfolio centered in one-to-four family residential mortgages.

Refer to the following.

Chicopee Savings Bank' Loan Portfolio as of June 30, 2002	
Type of Loans	% of Total Loans
Construction & Land Development	1.9
Residential Real Estate	
a. 1-4 Family Mortgages	57.9
b. Home Equity Lines (includes second mortgages)	3.4
Multifamily	4.2
Commercial Loans	
a. Commercial Real Estate	21.6
b. Commercial & Industrial Loans	10.3
Consumer Loans	
a. Credit Cards & Related Plans	0.0
b. Loans to Individuals/Other Loans	0.7
Total Loans	100.0

Source: FDIC Call Report, 06/30/02

Chicopee Savings Bank's main office is located at 70 Center Street in Chicopee, Massachusetts. The bank operates three other full service branch offices in Chicopee, and one lending/operations office on Exchange Street in Chicopee. The bank maintains a 24-hour Automated Teller Machines (ATM) at the main office and all three branch locations. Office hours are convenient and appear to be accessible to all segments of the assessment area.

The Division of Banks last examined Chicopee Savings Bank for compliance with the Community Reinvestment Act. on July 20, 1999. That examination resulted in a CRA rating

of “High Satisfactory”. The FDIC last examined Chicopee Savings Bank for compliance with the Community Reinvestment Act on April 3, 2000. That examination resulted in a rating of “Satisfactory”.

DESCRIPTION OF ASSESSMENT AREA

Demographic and Economic Data

Chicopee Savings Bank has designated its assessment area as the Hampshire County towns of Granby and South Hadley, and the Hampden County cities and towns of Agawam, Chicopee, East Longmeadow, Hampden, Holyoke, Longmeadow, Ludlow, Southwick, Springfield, Westfield, West Springfield, and Wilbraham. All of the communities are located in the Springfield Metropolitan Statistical Area (MSA). The 2000, 2001, and 2002, HUD estimated median family income of the Springfield MSA was \$47,500, \$49,700, and \$50,700, respectively.

Chicopee Savings Bank’s assessment area contains eighty-eight census tracts. Of those tracts, twelve are low-income, thirteen are moderate-income, forty-four are middle-income, seventeen are upper-income and two have no income designation. Of the two non-income designated census tracts, one is located in the City of Springfield and the other is located in the City of Chicopee. The Springfield census tract is located in the downtown section of the city and is a concentration of office buildings and the Springfield YMCA. The Chicopee census tract is the site of the Westover Air Force Base. Consequently, the US Census Bureau assigned no income designation to these two census tracts.

The following table describes selected housing characteristics, based upon 1990 census data, for each of the census tract income groupings in Chicopee Savings Bank’ assessment area.

Selected Housing Characteristics by Income Category of the Geography							
Geographic Income Category	Percentage						Median Home Value (\$)
	Census Tracts	Households	Housing Units	Owner-Occupied	Rental Units	Vacant Units	
Low	13.6	10.5	10.7	2.1	23.0	17.8	88,307
Moderate	14.8	12.8	13.2	7.4	21.3	19.1	87,923
Middle	50.0	56.9	56.6	61.8	49.2	49.7	116,038
Upper	19.3	19.8	19.5	28.7	6.5	13.4	163,396
NA	2.3	0.0	0.0	0.0	0.0	0.0	0
Total or Median	100	100	100	100	100	100	118,605

Source: U.S. Census

The bank's assessment area contains 16,707 businesses, 14,310 or 85.7 percent, of which are considered small businesses. A small business is defined as a business with annual revenues of \$1 million or less. The following table contains selected business demographic data on the total businesses in the bank's assessment area.

Selected Business Demographic Data					
Census Tracts	Number of Businesses	Percentage	Percentage of Businesses by Industry Type		
			Service	Retail Trade	Financial
Low	1,627	9.7	11.3	9.2	8.1
Moderate	3,325	19.9	22.1	18.6	25.6
Middle	8,228	49.3	47.8	55.9	45.3
Upper	3,527	21.1	18.8	16.3	21.0
Total	16,707	100.0	100.0	100.0	100.0

Source: 2001 Business Geodemographic Data, CRA Wiz.

Description of Aggregate Data Utilized/Lending Activity

HMDA Reportable Lending

Aggregate data, for HMDA reportable lending performance purposes only, constitutes 288 mortgage companies, savings banks, commercial banks, cooperative banks, and credit unions which have originated and/or purchased at least one residential mortgage and/or home improvement loan within the bank's assessment area (source: PCI Services, Inc., CRA Wiz). The total number of originations/purchases received by these lenders in calendar year 2000 was 11,573. The top five lenders within Chicopee Savings Bank's assessment area in 2000 were: Sovereign Bank, 1,198 loans/10.0 percent market share; Fleet National Bank, 759 loans/7.0 percent market share; First Massachusetts Bank, NA, 653 loans/6.0 percent market share; Countrywide Home Loans, 524 loans/5.0 percent market share, and Chicopee Savings Bank, 383 loans/3.0 percent market share.

Small Business Lending

Aggregate data, for small business lending performance purposes only, constitutes 57 mortgage companies, savings banks, commercial banks, and cooperative banks which have originated and/or purchased small business loans within Hampden County (closest geographic delineation available). The top five lenders within Hampden County in 2000 were GE Capital Financial, Inc., 2,317 loans/22.2 market percent share; American Express Centurion Bank , 1,802 loans/17.3 percent market share; Capital One, FSB, 900 loans/8.6 percent market share; Advanta Bank Corporation, 588 loans/5.6 percent market share; and Universal Financial Corporation, 505 loans/4.8 percent market share. Chicopee Savings Bank was ranked 20th with 114 loans or a 1.1 percent market share.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Chicopee Savings Bank's Lending Test performance was rated an overall "High Satisfactory." The institution's lending efforts are rated under the seven major performance criteria: Lending Activity, Geographic Distribution, Borrower Characteristics, Community Development Lending, Innovative or Flexible Lending Practices, Fair Lending, and Loss of Affordable Housing. The following information details the data compiled and reviewed, as well as conclusions on the bank's performance.

Scope of Evaluation

This criterion evaluates the number and dollar volume of loans granted (or purchased) within the assessment area. The bank's credit products evaluated for this criterion and the two subsequent lending test criteria are: (1) residential loans that are considered to be HMDA reportable loans and (2) small business loans reported on the CRA Data Report. Residential loans analyzed in the evaluation (HMDA reportable loans) include purchase mortgages, refinances of purchase mortgages, and mortgage loans secured by multifamily (5 units or more) dwellings. For the purposes herein, the period under review for HMDA reportable lending constitutes calendar years 2000 and 2001, as well as an interim period through June 28, 2002.

The CRA regulation defines a small business loan as "a loan with an original amount of \$1 million or less that are secured by non-farm nonresidential properties or; commercial and industrial loans to U.S. addressees." This definition is consistent with those found in the FDIC Call Report instructions. In addition, a small business is further defined as having gross annual revenues of \$1 million or less. For the purposes herein, the period under review for small business lending constitutes calendar years 2000 and 2001, as well as an interim period through July 31, 2002.

I. Lending Activity

One method of evaluating a bank's lending activity is its net loan to total asset ratio. As such, an analysis of Chicopee Savings Bank's net loan to total assets ratios was performed. The calculation incorporated calendar years 2000 and 2001 as well as the interim period ending June 30, 2002, as reflected in the bank's quarterly FDIC Call Reports.

The following illustrates the trend of Chicopee Savings Bank's net loan to total asset ratios.

Chicopee Savings Bank's Loan to Asset Ratios*			
Dates	Net Loans (000)	Total Assets (000)	Ratio (%)
December 30, 2000	219,824	294,260	74.7
December 30, 2001	222,919	290,448	76.8
June 30, 2002	237,465	295,177	80.5

* Source: FDIC Quarterly Call Reports.

Over the period reflected in the table, Chicopee Savings Bank's net loan portfolio increased by 8.0 percent while total assets grew by 0.3 percent. It should be noted that the bank sold 172 mortgage loans totaling \$16,965,300 between July 1, 2000 and June 30, 2002 to FHLMC and/or MHFA.

A comparison of Chicopee Savings Bank's net loan to asset ratio with that of area financial institutions was also performed. As of June 30, 2002, (latest comparative data available) Chicopee Savings Bank had total assets of \$295,177,000 and a net loan to total assets ratio of 80.5 percent. The net loan to total assets ratios of area institutions is described in the following table. Those institutions chosen for this analysis have a main office or branch location in Chicopee Savings Bank's assessment area and have total assets of between \$290 million and \$850 million. The data presented is as of June 30, 2002.

Comparative Net Loan To Total Assets Ratios*		
Institution	Total Assets \$(000)	Net Loan to Total Assets Ratios (%)
Chicopee Savings Bank	295,177	80.5
Hampden Savings Bank	326,513	52.6
Peoples Savings Bank	849,826	61.2
Polish National Credit Union	292,169	39.4
The Bank of Western Massachusetts	490,662	73.3
United Co-operative Bank	631,869	76.3
Westbank	659,934	69.9
Westfield Savings Bank	735,280	54.5
Woronoco Savings Bank	709,603	64.5

*As of June 30, 2002.

As indicated, Chicopee Savings Bank had the strongest net loan to total assets ratio, regardless of asset size. The bank's performance is considered superior in this regard.

HMDA Reportable Lending

Chicopee Savings Bank's HMDA reportable lending was reviewed to determine the amount of credit extended within the bank's assessment area. During the period reviewed, the bank originated and/or purchased 1,216 HMDA-reportable loans totaling \$114.8 million. Of this amount, 1,049 loans, or 86.3 percent of the number and \$97.3

million or 84.7 percent of the dollar volume were originated and/or purchased in the bank's assessment area.

By number, the City of Chicopee accounted for the largest number of originations with 35.1 percent, followed by the City of Springfield with 19.1 percent and the Town of Ludlow with 7.3 percent. Chicopee accounted for the largest dollar volume of originations with 29.9 percent, followed by Springfield with 13.7 percent and Ludlow with 7.4 percent. Refer to the following table for additional information regarding the banks HMDA reportable lending, by both number and dollar volume.

Distribution of Home Mortgage Loans Inside and Outside of the Assessment Area												
Year	Inside				Outside				Total			
	Number of Loans		Dollar Volume (000)		Number of Loans		Dollar Volume (000)		Number of Loans		Dollar Volume (000)	
	#	%	\$	%	#	%	\$	%	#	%	\$	%
2000	383	85.1	31,395	83.0	67	14.9	6,423	17.0	450	100	37,818	100
2001	476	89.0	44,207	88.2	59	11.0	5,906	11.8	535	100	50,113	100
2002*	190	82.3	21,672	80.4	41	17.7	5,267	19.6	231	100	26,939	100

Source: HMDA LAR, CRA Wiz

*Through June 28, 2002.

As reflected in the table, the bank experienced significant growth, both by number and by dollar volume in 2001. A large part of this growth was in the refinancing area. Mortgage refinancings accounted for 55.3 percent of the number and 59.9 percent of the dollar volume of HMDA reportable originations inside the bank's assessment area in 2001. However, despite the overall growth, Chicopee Savings Bank generated the majority of its HMDA reportable lending, both by number and by dollar, from within its assessment area.

It is this level of lending that has earned Chicopee Savings Bank a ranking of 5th (out of 288 lenders) with a 3.0 percent market share in HMDA reportable lending within its assessment area in 2000. The number one lender was Sovereign Bank, a large multi-state financial institution.

Small Business Lending

Chicopee Savings Bank's small business lending was also reviewed to determine the amount of credit extended within its assessment area.

The bank originated 318 small business loans totaling \$34 million during the period reviewed. A total of 301 loans totaling \$31 million were originated to businesses within the bank's assessment area, representing 94.7 percent by number and 92.3 percent by dollar volume.

By number, the City of Chicopee accounted for the largest number of originations with 49.2 percent, followed by the City of Springfield with 16.6 percent and the City of West Springfield with 11.3 percent. Chicopee also accounted for the largest dollar volume of originations with 41.1 percent, followed by Springfield with 20.9 percent and West Springfield with 9.7 percent.

Refer to the following table for additional information regarding the bank's small business lending, by both number and dollar volume.

Distribution of Small Business Lending Inside and Outside of the Assessment Area												
Year	Inside				Outside				Total			
	Number of Loans		Dollar Volume (000)		Number of Loans		Dollar Volume (000)		Number of Loans		Dollar Volume (000)	
	#	%	\$	%	#	%	\$	%	#	%	\$	%
2000	113	99.1	9,464	99.6	1	0.9	41	0.4	114	100	9,505	100
2001	112	91.8	14,214	89.6	10	8.2	1,650	10.4	122	100	15,864	100
2002*	76	92.7	7,560	89.0	6	7.3	935	11.0	82	100	8,495	100

Source: CRA Data Reporting, CRA Wiz

* Through July 31, 2002.

As indicated, Chicopee Savings Bank granted a majority of the number of its small business loans in those communities within its assessment area. As discussed previously in the Performance Context of this Public Evaluation, Chicopee Savings Bank was ranked 12th out of 54 lenders in small business lending within its assessment area in 2000.

Therefore, Chicopee Savings Bank HMDA reportable and small business lending to those communities within its assessment area is considered very strong.

II. Geographic Distribution

Distribution of HMDA-Reportable Lending within the Assessment Area

Chicopee Savings Bank's HMDA reportable lending within its assessment area was further analyzed to determine location by census tract income level. To reiterate, Chicopee Savings Bank's assessment area contains eighty-eight census tracts. Of those tracts, 13.6 percent are low-income, 14.8 percent are moderate-income, 50.0 percent are middle-income, 19.3 percent are upper-income, and 2.3 percent have no income designation.

The following table presents the bank's performance as well as the 2000 HMDA aggregate lending data. In addition, the table also includes the percentage of owner-occupied housing units in each of the census tract income categories (per 1990 census data).

Distribution of HMDA Loans by Income Category of the Census Tract										
Census Tracts	Own-Occ. Units (%)	Agg. Data (% of #) 2000	2000		2001		2002*		Total	
			#	%	#	%	#	%	#	%
Low	2.1	4.3	4	1.1	8	1.7	5	2.6	17	1.6
Moderate	7.4	9.9	22	5.7	23	4.8	7	3.7	52	5.0
Middle	61.8	61.4	239	62.4	298	62.6	124	65.3	661	63.0
Upper	28.7	24.4	116	30.3	144	30.3	54	28.4	314	29.9
NA	0.0	0.0	2	0.5	3	0.6	0	0.0	5	0.5
Total	100	100	383	100	476	100	190	100	1,049	100

Source: HMDA LAR, HMDA Aggregate Data

*Through June 28, 2002.

As indicated in the table, Chicopee Savings Bank's percentage of lending to the low and moderate-income census tracts is below that of the aggregate, however, its performance in the low-income tracts reflects an improving trend in the subsequent periods.

By dollar volume in 2000, Chicopee Savings Bank originated 0.8 percent of its HMDA reportable lending in low-income census tracts, 4.6 percent in moderate-income tracts, 51.4 percent in middle-income tracts, 42.8 percent in upper-income census tracts and 0.4 percent in the NA tracts within its assessment area. The bank's performance was below the 2000 aggregate data by dollar volume which was 3.0 percent in low-income tracts, 7.4 percent in moderate-income tracts, 54.5 percent in middle-income, and 35.1 percent in upper-income census tracts.

In 2001, the bank's dollar volume was 1.5 percent in low-income census tracts, 3.6 percent in moderate-income tracts, 53.5 percent in middle-income tracts, 40.8 percent in upper-income

census tracts, and 0.6 percent in the NA tracts. For the interim 2002, the dollar volume was 1.8 percent low-income, 2.7 percent moderate-income, 60.1 percent middle, and 35.4 percent upper-income census tracts. However, as with the bank's percentage of lending by number, its percentage of lending by dollar volume to the low-income tracts suggests an improving trend.

Distribution of Small Business Lending within the Assessment Area

Chicopee Savings Bank's small business lending was also analyzed to determine the distribution by census tract income level within its assessment area. The following analysis also includes 2000 aggregate data (inclusive of Chicopee Savings Bank) of small business lending by percentage.

According to 2001 Business Geodemographic Data, Chicopee Savings Bank's assessment area contains 14,310 small businesses, 9.3 percent in the low-income census tracts, 19.7 percent in the moderate tracts, 49.8 percent in the middle tracts, and 21.2 percent in the upper-income census tracts.

Distribution of Small Business Lending by Income Category of the Census Tract									
Census Tract Income Level	Aggregate Lending Data (% of #) 2000	2000		2001		2002*		Total	
		#	%	#	%	#	%	#	%
Low	8.0	4	3.5	10	8.9	4	5.3	18	6.0
Moderate	18.0	25	22.1	23	20.5	10	13.2	58	19.3
Middle	47.0	70	62.0	62	55.4	48	63.1	180	59.8
Upper	27.0	14	12.4	17	15.2	14	18.4	45	14.9
Total	100	113	100	112	100	76	100	301	100

Source: CRA Wiz ,CRA Data Collection.

* Through July 31, 2002.

As indicated, the bank's percentage of small business lending, by number, is below that of the aggregate in 2000 for the low-income census tracts, however, the percentage improved in 2001 but trailed off in 2002. Conversely, the percentage of lending in 2000 to the moderate-income tracts was well above aggregate however; the percentage of lending to those census tracts reflects a declining trend in the subsequent periods.

By dollar volume, Chicopee Savings Bank originated 2.1 percent of its small business loans in low-income census tracts and 26.2 percent in moderate-income tracts in 2000. As with the bank's percentage of small business lending by number, the percentage of dollar volume was below aggregate in the low-income tracts and above aggregate in the moderate-income tracts. Aggregate data by dollar volume was 12.1 percent and 20.0 percent in the low and moderate-income census tracts, respectively. In 2001, the bank originated 10.6 percent of its small business lending volume in the low-income census tracts and 30.0 percent to the

moderate-income tracts. However, in 2002, the volume declined to 5.5 percent and 9.7 percent in the low and moderate-income tracts, respectively.

The preponderance of census tracts in the bank's assessment area are of the middle-income category, and, as reflected in the previous table, the bank far exceeded aggregate in 2000 and continued to maintain a strong performance in those tracts. By dollar volume, Chicopee Savings Bank originated 59.8 percent of its small business loans in the middle-income tracts in 2000. This also compares very favorably to the 2000 aggregate lending of 42.7 percent to those tracts. Further, the bank granted 47.9 percent and 72.8 percent of its small business lending dollars to the middle-income tracts in 2001 and interim 2002, respectively.

As a result of the pervious analyses, Chicopee Savings Bank' HMDA reportable and small business lending distribution by census tract within its assessment area is considered reasonable.

III. Borrower Characteristics

HMDA Reportable Lending

An analysis of HMDA reportable lending extended within Chicopee Savings Bank's assessment area by borrower income level was performed. Originations were categorized by the ratio of the applicant's reported income to the 2000, 2001, and 2002 estimated median family incomes of the Springfield MSA (refer to the Performance Context Section).

Low income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate income is defined as 50 to 79 percent of the median family income. Middle income is defined as income between 80 and 119 percent of the median family income. Upper income is defined as income greater than 120 percent of the median family income.

The following analysis also includes 2000 aggregate data (exclusive of Chicopee Savings Bank) of HMDA reportable lending by percentage as well as demographic data on the percentage of total households (per 1990 census data) in the assessment area in each respective income group.

Refer to the following.

Distribution of HMDA Loans by Borrower Income										
Median Family Income Level	Tot. Hholds (%)	Aggregate Lending Data (% of #) 2000	2000		2001		2002*		Total	
			#	%	#	%	#	%	#	%
Low	26.3Æ	5.0	12	3.1	19	4.0	11	5.8	42	4.0
Moderate	14.5	19.6	57	14.9	66	13.9	28	14.7	151	14.4
Middle	18.5	24.3	103	26.9	146	30.7	55	29.0	304	29.0
Upper	40.7	30.1	199	52.0	235	49.3	87	45.8	521	49.7
NA	0.0	21.0	12	3.1	10	2.1	9	4.7	31	2.9
Total	100.0	100.0	383	100.0	476	100.0	190	100.0	1,049	100.0

Source: HMDA LAR, HMDA Aggregate Data

*Through June 28, 2002.

Included in the low-income category are 20,752 households within the bank's assessment area whose income is considered to be below poverty level, and thus, unlikely to qualify for a HMDA reportable loan. If that category were adjusted to reflect this fact, the number of low-income family households within the bank's assessment area would decrease from 43,475 to 22,723 or 15.7 percent.

It should be noted that those originations designated as not applicable loans are ones in which

- The borrowers' income was not taken into account when granting the loan
- The borrower is an employee
- The loan was purchased

As indicated in the table, Chicopee Savings Bank's percentage of lending to low-income borrowers was below that of the aggregate. Its performance, however, reflects an improving trend in the subsequent periods. The bank's percentage of lending to borrowers of moderate-income is below that of aggregate although in line with household demographics.

By dollar volume in 2000, Chicopee Savings Bank originated 1.6 percent of its HMDA reportable loans to low-income borrowers and 10.5 percent to moderate-income borrowers. The bank's performance was below the 2000 aggregate data, which was 2.7 percent to low-income borrowers and 14.9 percent to moderate-income borrowers.

By dollar volume in 2001, Chicopee Savings Bank originated 2.3 percent of its HMDA reportable lending to low-income borrowers and 9.1 percent to moderate-income borrowers. The interim 2002 HMDA reportable lending by dollar volume was 3.8 percent to low-income borrowers and 9.1 percent to moderate-income borrowers.

Analysis of Small Business Lending by Loan Amount

An analysis of Chicopee Savings Bank's small business lending extended within the bank's assessment area by loan amount was performed. The following table presents the results of this analysis. In addition, the 2000 aggregate data of small business lending (inclusive of Chicopee Savings Bank) by percentage was also included.

Distribution of Small Business Loans by Loan Size									
Loan Size (000s)	Aggregate Data (% of #)	2000		2001		2002*		Total	
		#	%	#	%	#	%	#	%
< \$100	93.5	76	67.3	72	64.3	51	67.1	199	66.1
\$100 - \$250	3.9	30	26.6	24	21.4	18	23.7	72	23.9
> \$250 - \$1,000	2.6	7	6.1	16	14.3	7	9.2	30	10.0
Total	100.0	113	100.0	112	100.0	76	100.0	301	100.0

Source: CRA Wiz, CRA Data Collection.

* Through July 31, 2002.

As indicated, the majority of the bank's small business lending was in the form of smaller loans, with 66.1 percent of all loans falling within the under \$100,000 category. Although the bank's results in 2000 are below that of the aggregate, the results presented are positive in terms of small loans, where 90.0 percent of all loans (overall) were under \$250,000.

By dollar volume in 2000, Chicopee Savings Bank originated 67.3 percent of its small business lending in amounts of \$100,000 or less and 49.2 percent in amounts of between \$100,001 and \$250,000. This level of small business lending exceeded the aggregate which granted 37.6 percent of its dollar in amounts of \$100,000 or less and 21.2 percent in amounts of between \$100,001 and \$250,000.

By dollar volume in 2001, Chicopee Savings Bank originated 18.7 percent of its small business lending in amounts of \$100,000 or less and 29.0 percent in amounts of between \$100,001 and \$250,000. The bank's interim 2002 small business lending by dollar volume was 22.1 percent in amounts of \$100,000 or less and 39.2 percent in amounts of between \$100,001 and \$250,000.

Analysis of Small Business Lending by Revenue

Chicopee Savings Bank's small business lending was further analyzed according to the revenue of the business. Again, the 2000 aggregate lending data was also included for comparative purposes. The following table presents the results of this analysis.

Distribution of Small Business Loans by Gross Annual Revenues of Business									
Gross Annual Revenues (000s)	Aggregate Data (% of #)	2000		2001		2002*		Total	
		#	%	#	%	#	%	#	%
< \$1,000	35.8	79	69.9	81	72.3	60	78.9	220	73.1
> \$1,000	64.2	34	30.1	29	25.9	16	21.1	79	26.2
NA	0.0	0	0.0	2	1.8	0	0.0	2	0.7
Total	100.0	113	100.0	112	100.0	76	100.0	301	100.0

Source: CRA Wiz ,CRA Data Collection.

* Through July 31, 2002.

As indicated, the majority of the bank's small business loans went to businesses with revenues less than \$1million. Further, Chicopee Savings Bank performance exceeded that of the aggregate in 2000.

By dollar volume in 2000, Chicopee Savings Bank originated 60.3 percent of its small business lending to businesses with revenues less than \$1 million, exceeding the aggregate, which had 38.8 percent of dollar volume going to businesses with revenues less than \$1 million.

By dollar volume in 2001, Chicopee Savings Bank originated 66.8 percent of its small business lending to businesses with revenues less than \$1 million, and during the interim period 2002, small business lending by dollar volume was 63.3 percent to businesses in that category.

Based upon the foregoing analyses, Chicopee Savings Bank' HMDA reportable lending to borrowers of low and moderate-income and its small business lending in terms of smaller amount loans within its assessment area is considered reasonable. The bank's lending to small businesses with revenues less than \$1 million is considered strong.

IV. Community Development Lending

Chicopee Savings Bank has provided loans to various organizations for community development purposes. As defined in the CRA regulation, a community development purpose is: affordable housing for low and moderate-income individuals, community services targeted to low and moderate-income individuals, activities that promote economic development by financing small businesses or small farms, or activities that revitalize or stabilize low and moderate-income geographies. In order to qualify as a community development loan, the loan must not have been reportable as a home mortgage or small business loan, unless it is for a multi-family dwelling (five or more units).

Refer to the following.

Qualified Community Development Lending Activity		
Loan Description	Number Of Loans	Dollar Volume Of Loans (000s)
1. Multi-Family Affordable Housing Loans	12	929
2. Loans to Nonprofit Organizations	6	2,027
3. All other Loans	8	7,999
Grand Total	26	10,955

Source: CRA data collection and bank records

Chicopee Savings Bank, through its community development lending, provided 40 units of affordable housing within its assessment area.

Examples of the bank's community development loans by category include:

1. Three loans totaling \$209,575 to a community development corporation in Springfield that purchases and rehabilitates properties to be sold to individuals of low and/or moderate-income. These loans resulted in a total of five units of affordable housing.
2. An \$800,000 commercial loan to a non-profit corporation that provides human welfare services under various federal, states, local and other grants and contracts.

3. A \$4,000,000 commercial construction loan for land acquisition and construction costs at a 10.1-acre site in the Chicopee River Business Park. The land was acquired from Westmass Area Development Corporation. The tenant, a manufacturing company is new to the area and will create 80 new jobs.

In conclusion, Chicopee Savings Bank level of community development lending is considered strong.

V. Innovative or Flexible Lending Practices

Chicopee Savings Bank participates in loan programs aimed at meeting the credit needs of low and moderate-income homebuyers and small businesses.

MassHousing Municipal Mortgage Program (MassHousing)

In 2001, Chicopee Savings Bank pledged \$2.5 million to this program. MassHousing offers lenders mortgage insurance coverage that allows for mortgages to be written for 100 percent of value on a single family home or condominium, or 97 percent of value on a two-four family property. These loans are offered to any full-time salaried employee of a city or town, buying a home in the city or town where they are employed. The combined household income of the employee cannot exceed 135 percent of the median income of the respective city or town. In 2002, Chicopee Savings Bank originated 2 loans totaling \$251,000 under this program.

Massachusetts Housing Finance Agency (MHFA)

Chicopee Savings Bank offers MHFA first-time homebuyer loans. The maximum household income for a 1-2 person household is \$66,000 and \$75,900. for 3 or more persons. The bank also offers first time homebuyer loans through Federal Home Loan Mortgage Corporation (FHLMC) and offers an in-house first time homebuyer program as well. The following table reflects the number and dollar volume of first-time homebuyer loans Chicopee Savings Bank originated during the period reviewed. Also included in the table is the percentage of total loans originated which these loans represent during each year examined.

First Time Homebuyer Loans Originated					
Year	MHFA		In-House and Freddie Mac		Percentage of Mortgages Originated
	#	\$ (000)	#	\$ (000)	
2000	14	1,043	57	5,212	18.0
2001	18	1,511	42	4,337	10.0
2002*	8	798	10	1,029	11.0

*Through June 30, 2002.

The bank also offers fixed and adjustable rate mortgage loans, which are underwritten to the FHLMC secondary market guidelines. The maximum mortgage term is 30 years with a maximum LTV (loan to value) of 95 percent for purchases and no cash-out refinances. PMI (private mortgage Insurance) is required for all loans with a LTV in excess of 80 percent. In addition to a standard 1-year and 3-year ARM, Chicopee Savings Bank offers 5/1, 6/5 and a 10/1-year ARM products with terms up to 30 years.

In 2000, Chicopee Savings Bank became a Small Business Administration (SBA) lender. In 2001, the bank granted 4 SBA loans totaling \$240,000. Through June 30, 2002, the bank granted 2 SBA loans totaling \$100,000.

In conclusion, Chicopee Savings Bank's offers a reasonable level of flexible lending products.

VI. Fair Lending Policies and Practices

Incorporated in Chicopee Savings Bank's loan policy is a Fair Lending Policy. The policy prohibits discrimination based on any of the Equal Credit Opportunity Act's prohibited bases in the processing and underwriting of applications. It also establishes a second review process, and creates a procedure for reviewing HMDA reportable data (inclusive of denials) on a quarterly basis.

Chicopee Savings Bank employs a total of 92 individuals including 16 employees who are considered to be minorities. Second languages spoken include Polish, Spanish, Russian, French, Portuguese, and Greek. Fair lending training is provided to employees through regular staff meetings and in-house seminars. Officers also attend the Massachusetts Bankers Association's seminars in areas related to their responsibilities.

Minority Application Flow

For the period reviewed, the bank received a total of 102 HMDA reportable applications from various minority groups, representing 7.4 percent of all applications received from within its assessment area. The 2000 HMDA aggregate data indicated 16.3 percent of all the residential applications from within the assessment area were to minority applicants.

As of the 1990 census, the bank's assessment area population by racial composition was White, 81.5 percent; Native American, 0.1 percent; Asian, 0.9 percent; Black, 7.4 percent; Hispanic, 10.0 percent and Other, 0.1 percent.

Refer to the following.

MINORITY APPLICATION FLOW									
Race	Aggregate Data (% of #) 2000	Bank 2000		Bank 2001		Bank 2002*		Bank Total	
		#	%	#	%	#	%	#	%
Native American	0.2	1	0.2	2	0.3	0	0.0	3	0.2
Asian	0.9	3	0.6	2	0.3	0	0.0	5	0.4
Black	6.4	6	1.2	14	2.2	2	0.8	22	1.6
Hispanic	7.3	14	2.9	28	4.4	9	3.6	51	3.7
Joint Race	1.0	8	1.6	7	1.1	1	0.4	16	1.1
Other	0.5	3	0.6	2	0.3	0	0.0	5	0.4
Total Minority	16.3	35	7.1	55	8.6	12	4.8	102	7.4
White	46.2	403	82.1	569	89.0	222	88.4	1,194	86.5
NA	37.5	53	10.8	15	2.4	17	6.8	85	6.1
Total	100	491	100	639	100	251	100	1,381	100

Source: PCI Services, Inc., CRA Wiz Software.

*Through June 28, 2002.

Although below the aggregate, the bank's level of attracting minority applicants is considered to be adequate given the demographics of its assessment area.

In conclusion, Chicopee Savings Bank's record of implementing its fair lending policies and practices is considered adequate.

VII. Loss of Affordable Housing

This criterion evaluates whether or not a financial institution has engaged in systematic lending patterns resulting in the loss of affordable housing.

Based upon the analysis of Chicopee Savings Bank's lending activity, products, and fair lending practices, there is no evidence that the institution's lending patterns show any undue concentration or systematic pattern of lending resulting in the loss of affordable housing units.

INVESTMENT TEST

Given its commitment to area organizations within the assessment area, Chicopee Savings Bank's performance under the Investment Test is considered to be "Satisfactory". Refer to the following.

As defined under the CRA regulation, a qualified investment is a lawful investment, deposit, membership share or grant that has community development as its primary purpose. Community development includes affordable housing for low and moderate-income individuals, community services targeted to low and moderate-income individuals, activities that promote economic development by financing small businesses or small farms, and activities that revitalize or stabilize low and moderate-income geographies. In recognition of the many legal limitations on bank investments, and the long-term nature and complexity of many community development investments, the CRA regulation allows some reasonable consideration for the entire bank portfolio of qualified investments; not just those made since the previous CRA examination. The following describes the institution's qualified investments.

Charitable Contributions

Chicopee Savings Bank has taken a leadership role in providing contributions to organizations that provide education and training, neighborhood revitalization, youth programs, and health and human services for individuals in need, and support business growth and development. In some instances, these contributions were substantial, multi-year commitments. From July 1, 2000, through December 31, 2000, the bank provided \$43,251 in corporate contributions, \$23,166 or 53.6 percent of which was in support of programs that promote community development. That level of qualified contributions represented 1.1 percent of the bank's net income for the period. For calendar year 2001, the bank provided \$190,625 in contributions, \$100,223 or 52.6 percent was considered qualified representing 5.5 percent of net income. For the interim period through June 30, 2002, the bank provided \$110,628 in contributions, \$43,763 or 39.6 percent was considered qualified representing 3.3 percent of net income.

The following provides examples of the bank's qualified investments.

In 2001, Chicopee Savings Bank made a substantial, five-year commitment to the Chicopee Library.

In 2002, the bank made a multi-year commitment to the Springfield Basketball Hall of Fame.

Chicopee Savings Bank annually makes donations to Brightside Inc., a regional facility that assists troubled, disadvantaged, and/or abused youths.

The bank contributes to organizations that provide social services, aid in emergencies, and assist families in need such as: United Way Pioneer Valley; the American Red Cross; the Parish Cupboard; the Springfield Rescue Mission Homeless Shelter and Food Kitchen; and Women's Companeras Shelter.

Organizations that provide school, youth, and educational programs such as: the Ludlow Boys and Girls Club; The Children's Study Home; Big Brothers/Big Sisters; and area chapters of the Boy and Girl Scouts.

Organizations that provide community/business development such as: the UMASS Small Business Development Fund; the Puerto Rican Cultural Center; and the Northend Community Center.

And organizations that provide for the elderly such as West Mass Elder Care and the Chicopee Council on Aging.

In March 2000, Chicopee Savings Bank created a Real Estate Investment Corporation (REIT). This REIT in turn issued Cumulative Non-Convertible Preferred Stock at a par value of \$1,000 per share. When issued, Chicopee Savings Bank offered one \$1,000 share to thirty-four non-profit organizations that bank Trustees and Officers had knowledge of or direct involvement with. All thirty-four organizations accepted the offering. In addition to the \$1,000 par value, the stock pays an annual dividend of 8 percent, or \$80 a year.

SERVICE TEST

Chicopee Savings Bank's performance under the service test is considered to be superior. Consequently, a rating of "Outstanding" is assigned. Refer to the following.

The Service Test evaluates an institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of an institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. The following describes Chicopee Savings Bank's services.

RETAIL BANKING SERVICES

Distribution of Branches

Chicopee Savings Bank is headquartered at 70 Center Street, Chicopee, Massachusetts. The bank operates three other full service branch offices and a Lending/Operations Center, which are all located in Chicopee, Massachusetts. The main office and Lending/Operations Center in Chicopee Center are located within a moderate-income census tract. The East Street and Memorial Drive branch offices are located within a middle-income census tract and the bank's Burnett Road branch office is located within an upper-income census tract.

Branch hours are considered convenient and comparable to other institutions, and services of the bank appear sufficient to meet the needs of the assessment area. With the exception of the Lending/Operations Center, all offices have Saturday morning hours, drive-up windows, and extended hours on Thursdays and Fridays.

Record of Opening and Closing Branches

The bank maintains a Branch Opening and Closing Policy. The policy details the procedures the bank will follow before opening or closing a branch office. No branches have been opened or closed since the previous examination.

Alternative Retail Banking Services

Chicopee Savings Bank maintains automated teller machines (ATMs) at all of its offices including the Lending/Operations Center. Additionally, the bank has established a full service ATM and Night Depository Kiosk in Ludlow, Massachusetts and several cash dispensing machines: two in Chicopee (one in an industrial park and the other on the Elms College Campus), one in Ludlow, one in Holyoke and one in Palmer.

Since the previous examination, Chicopee Savings Bank opened its "Financial Service Center" which provides comprehensive financial planning. A sampling of services include

estate planning, mutual funds, variable annuities, individual securities, brokerage services, retirement planning, and profit sharing plans.

Chicopee Savings Bank also offers a “24 Hour Access Line” that allows customers to access the bank’s voice response system to make inquiries, transfer funds between accounts, make loan payments, etc. Customers may also obtain information from the bank’s web site at www.chicopeesavings.com. In addition, the bank’s Internet allows customers to automatically pay bills either by the single, variable payment option, or regularly scheduled monthly payments. The first three months of the bill paying service is free, with a \$4.45 monthly fee thereafter.

The bank is a member of the “SUM NETWORK” which allows its customers to use SUM ATMs without incurring a surcharge. The bank does not assess a transaction fee for account holders at any of its ATM sites.

Other Retail Services

Chicopee Savings Bank offers “Basic Checking” and “Basic Savings” accounts that meet the guidelines of the Basic Banking for Massachusetts program. The bank offers free government check cashing to any individual who can provide the proper identification. The above services assist low and moderate-income individuals in establishing banking relationships.

The bank makes available to its customers an informational brochure “Beware of Easy Credit” produced by the Massachusetts Bankers Association which helps to guard against the tactics of predatory lenders who offer exorbitant lending terms and up front costs that exceed a borrowers ability to repay a loan.

Chicopee Savings Bank sponsors a program at Chicopee Comprehensive High School on basic banking issues.

Community Development Services

Chicopee Savings Bank’s officers are involved with many community organizations, some of which directly address economic and affordable housing development for which the bank’s representatives lend their technical expertise, experience, and judgment.

Following are some examples.

United Way of Pioneer Valley

This organization raises and distributes funds to other organizations or agencies that, in turn, provide programs and services that respond to current, critical, and emerging community

needs. Chicopee Savings Bank's Executive Vice President and Treasurer serves on the Finance Committee of this organization. Another bank officer serves on the Budget Review Committee and as Treasurer. The bank's Vice President of Personnel is the team leader in fundraising for United Way.

Springfield Neighborhood Housing Services, Inc. (SNHS)

SNHS, Inc mission encompasses the neighborhoods of Old and Upper Hill, Bay, McKnight, and all others within Springfield's HUD designated Enterprise Community. The non-profit's loan programs assist many low and moderate-income homeowners and first time homebuyers. A bank Mortgage Loan Officer serves on this organization's Loan Committee which reviews loan applications from low and very low-income individuals.

Brightwood Development Corporation

Chicopee Savings Bank's Senior Vice President serves on the board and Finance Committee of this affordable housing organization.

Chicopee Neighborhood Development Corporation

This is a non-profit organization whose purpose is to provide services to low to moderate-income individuals for first time home purchase, property rehabilitation, and education. A Chicopee Savings Bank Senior Vice President is Board member and President of this organization.

Valley Opportunity Council (VOC)

This council offers a program to assist recovering drug and alcohol abusers. Also, VOC provides low-income housing to individuals in the Chicopee Center area through its subdivision Cabotville Commons. A bank Vice President serves as Treasurer of Cabotville Commons and a bank Mortgage Loan Officer serves on the board of VOC.

Community F.O.C.U.S Loan Fund

Chicopee Savings Bank's Senior Vice President serves as Chairman of this fund that provides loans to small businesses.

Puerto Rican Cultural Center, Incorporated

This organization provides and supports educational programs that promote cultural awareness among the Puerto Rican and other Spanish-speaking communities. The organization also designs and operates educational and training programs which foster the self-sufficiency of Puerto Rican and Spanish-speaking individuals. A bank Vice President serves on the Board of Directors and Executive Committee of this organization.

Brightside

Brightside has had a long history of working with young people and their families. Brightside services include comprehensive child welfare, mental health, and a family support center that offers residential services for males, ages five to eighteen and females, ages five to twelve. Chicopee Savings Bank's President and Chief Executive Officer serves on the committee that oversees this organizations largest fundraiser.

WestMass Area Development Corporation

The bank's President and Chief Executive Officer serves on the board of this organization.

The Association for Community Living

This is an umbrella organization that administers programs serving the needs of adults/children with developmental disabilities and their families. Chicopee Savings Bank's Executive Vice President and Treasurer serves on the board and the Finance Committee of this organization.

Boys and Girls Club(s)

Chicopee Savings Bank's Executive Vice President and Treasurer serves on the board of the West Springfield Boys and Girls Club. A bank loan officer serves on the board of the Chicopee Boys and Girls Club.

School to Work Partnership

The School to Work Partnership provides internships in Chicopee Savings Bank for students interested in finance to learn about banking first hand. Both Chicopee High and Chicopee Comprehensive High Schools participate in the program. Chicopee Savings Bank's Vice President of Personnel is a member of the financial module committee of this program.

Education Seminars and Services

Chicopee Savings Bank participated in 17 Home Buyer seminars during the period reviewed. These seminars were sponsored by the bank in conjunction with several local community organizations including the Springfield Neighborhood Housing Services, Inc.; the Valley Community Development Corporation; the New North Citizens Council; the Hampden Hampshire Housing Partnership; and the Greater Holyoke Community Development Corporation. Topics discussed in these seminars included: an overview of the home buyer

process; applying and qualifying for mortgages; legal aspects of purchase and sales agreements; professional home inspections; accessing down payment assistance/rehab loans; and landlord/tenant counseling.

Chicopee Savings Bank's Performance within the Springfield Metropolitan Statistical Area (MSA).

The fourteen communities that comprise Chicopee Savings Bank's assessment area all fall within the Springfield MSA. The Springfield MSA contains 29 cities and towns. Chicopee Savings Bank's assessment area penetration of the Springfield MSA constitutes 48.3 percent. Given that the majority of the bank's penetration in the Lending, Investment, and Service Tests was within its assessment area and, as such, within the Springfield MSA, a separate analysis of the bank's performance under those tests was not performed as such analysis would not be considered meaningful.

APPENDIX A

SCOPE OF EXAMINATION

As of the close of business, September 10, 2002, a review of compliance with applicable consumer and fair lending rules and regulations and a CRA examination was conducted at Chicopee Savings Bank's main office in Chicopee, Massachusetts. The bank's lending products reviewed at this examination include HMDA reportable loan originations/purchases and small business loan originations. These products were analyzed under the seven major performance criteria: Lending Activity, Geographic Distribution, Borrower Characteristics, Community Development Lending, Innovative or Flexible Lending, Loss of Affordable Housing, and Fair Lending Practices.

In addition, Chicopee Savings Bank's performance under both the Investment and Service Tests were reviewed.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

CHICOPEE SAVINGS BANK

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **SEPTEMBER 10, 2002**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 20 ____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that assessment area shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.

